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SUMMARY

FAR EAST

1. Communist China to undertake five-year plan (page 3).

SOUTHEAST ASIA .

2. Current Viet Minh action considered diversionary (page 3).

NEAR EAST - AFRICA

3. Comment on Iran's announced break with Britain (page 4).

25X1

WESTERN EUROPE

- 5. French considering conditional reply to USSR on talks (page 5).
- 6. Adenauer proposes joint public statement with Schuman on Saar (page 6).

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25X1A

- 2 -

25X1A

25X1

Approved For Release 2003/10/22 : CIA-RDP79T00975A000900060001-5

FAR EAST

1. Communist China to undertake five-year plan:

25X1A		The Chinese Communists have dec to initiate a five-year plan in Janua	
		1953.	plan,
	, •	led in four years, reportedly has four m	ain
	- · · · · · · · · · · · · · · · · · · ·	eduction, construction of heavy and light eral resources, and the extension of con	

Comment: Although Peiping has not announced a five-year plan, a 1 October Pravda article stated that such a plan was being prepared. The specific goals set up in the plan have not been disclosed, but they undoubtedly envisage a continued expansion of industrial output.

25X1 25X1

SOUTHEAST ASIA

2. Current Viet Minh action considered diversionary:

The American Consul in Hanoi believes that current Viet Minh action against the mountain outpost of Nghia Lo, 100 miles northwest of Hanoi, involves less than a division and is designed to clear the way for an assault on the delta itself. A number of small French outposts near Laichau, 200 miles northwest of Hanoi, and Nghia Lo have already fallen.

The Consul considers that the loss of the northwestern sector would be more harmful to French prestige than to vital military interests.

- 3 -

25X1 ,		Approved For Release 2003/10/22 : CIA-RDP79T00975A000900060001-5
		NEAR EAST - AFRICA
	3.	Comment on Iran's announced break with Britain:
		Prime Minister Mossadeq's announcement that his government was "unfortunately obliged" to break diplomatic relations with Britain presages little significant change in the immediate future. A continuing deadlock in the oil issue will generate pressure for more drastic social and economic reforms,
25X1		While the Prime Minister's arbitrary action in announcing the break to the nation rather than to parliament was reportedly due to his inability to obtain a quorum in the Majlis, it may foreshadow a more autocratic attitude on his part.

_ 4 -

	WESTERN EUROPE
i. French c	considering conditional reply to USSR on talks:
but only 'independe official w	The French Government is considering telling the USSR that France would be glad to enter into the conversations suggested by Foreign Minister Vyshinsky, "in consultation with the British and Americans and not ently." According to the high French Foreign Ministry who revealed this to the American Embassy in Paris, has decided to advise only the United States and Britain insky's recent approach.
talks with Any such	Comment: This is the first clear indication Pinay government may go as far as to enter into bilateral h the USSR in order to rally domestic political support. In talks would certainly cause delays in rearmament and her Western powers suspicious of French policy.

- 5 -

25X1

